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Spies pose greater threat to U.S. than ever before, report states

By Bill Gertz
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"The hostile intelligence threat to the United States is severe, and it confronts the government and the American people with increasingly serious challenges," according to a Senate committee report on counterespionage, released yesterday.

The 141-page Senate Intelligence Committee report says the country faces a major threat from foreign spies. It recommends that federal security agencies take stronger measures to prevent the loss of U.S. secrets.

"Based on the public and classified record, the committee has found the aggregate damage in recent years to be far greater than anyone in the U.S. government has yet acknowledged publicly," says the report, released after a 16-month investigation.

Intelligence Committee Chairman David Durenberger, Minnesota Republican, said U.S. agencies responsible for rooting out spies suffer from "complacency [and] an unhealthy degree of wishful thinking" about the problem of foreign spying.

"The hostile intelligence threat to America's security is greater than ever before," Mr. Durenberger said at a Capitol Hill news conference. "The threat is large. It's well-financed. It's highly sophisticated, and I regret to say, it's too often successful."

The report provides new details on recent espionage cases and security failures, including the cases of former National Security Agency official Ronald W. Pelton, convicted earlier this year of selling secrets to the Soviets; the defection to Moscow of former CIA operative Edward Lee Howard; and the CIA's mishandling of KGB "general-designate" Vitaly Yurchenko, who redefected to Moscow after three months in CIA custody last year.

"The cases that surfaced in 1985 . . . represent a severe blow to U.S. intelligence, with Howard and Pelton doing the greatest harm because they compromised collection efforts directed at high-priority targets in the Soviet Union," the report said.

The Howard case and the case of CIA clerk Sharon Scranage, who

was convicted of spying for Ghana last year, "suggest that there was, and is, a substantial need for improvement in CIA counterintelligence," the report says.

Defense Department and FBI efforts to improve career development for counterintelligence officers have been "uneven," the report states.

The report also says typewriters in the U.S. Embassy in Moscow were bugged, allowing the Soviets to monitor what was being typed.

"For years, the Soviets were reading some of our most sensitive diplomatic correspondence, economic and political analyses and other communications," the report states. "Taken together, the damage to national security from espionage, technology theft and electronic surveillance amounts to a staggering loss of sensitive information to hostile intelligence services."

The report says the counterintelligence components of the FBI, CIA and Department of Defense are "fundamentally sound," but says other elements "need to be strengthened."

The report recommends 95 reforms, and projects that federal spending on counterintelligence programs will grow by \$500 million this year. The reform proposals call for reducing the number of Soviet diplomats in the United States; tightening security for U.S. telephone and electronic communications; controlling "authorized leaks" to the press by the administration, to prevent needless FBI investigations; and establishing court procedures for FBI counterspy break-ins.

On the subject of Soviet electronic spying, the report says that more than half of all domestic long-distance telephone calls are vulnerable to Soviet electronic eavesdropping.

Although counterintelligence cooperation between the FBI and CIA has improved dramatically, "our committee found a security system paralyzed by bureaucratic inertia with little ability to bridge the gaps between agencies or between different security disciplines like personnel security and computer security," Mr. Durenberger said.